

RECEIVED  
CITY CLERK  
C & C OF HONOLULU

2012 APR -4 AM 8: 27

Council Member Stanley Chang, Chair  
Council Member Ann Kobayashi, Vice Chair  
Committee on Public Works and Sustainability  
Honolulu Hale, Honolulu, Hawaii



HEARING      Wednesday, April 04, 2012  
                 1:00 pm  
                 Committee Meeting Room

**RE:    Bill 10 (2012), Proposed CD1 Relating to the Use of Bags Provided to Customers**

Chair Chang, Vice Chair Kobayashi, and Members of the Honolulu City Council:

Retail Merchants of Hawaii (RMH) is a not-for-profit trade organization representing 200 members and over 2,000 storefronts, and is committed to support the retail industry and business in general in Hawaii. In 2011, retail generated \$27.8 billion in sales and paid over \$1 billion in GET. The retail industry is one of the largest employers in the state, employing 25% of the labor force.

**RMH historically has been opposed to plastic bag bans.** We've learned that in those counties that have banned plastic bags, consumers have switched to paper bags, and more often than not, have requested their groceries be double-bagged, resulting in twice the number of bags in the waste stream.

We truly are perplexed by the Proposed CD1 to Bill 10.

Part I as drafted is cost prohibitive. The industry most likely will abandon plastic bags in favor of alternatives that will not be subject to this tax. Admittedly, paper bags are more expensive than plastic; however, the fact that paper will not be subject to ordinance-imposed fees and subsequent costly reporting requirements makes this a more reasonable and cost-effective option. Our concern is that paper is not an environmentally-friendly choice.

As you probably are aware, there are measures currently moving in the legislature that essentially levy a fee (5 or 10 cents) on consumers for all single-use bags, with the goal of reducing the environmental impact of both paper and plastic. The choice rests with the consumer who bears the responsibility for the careless discard and misuse, or the wise re-use and management, of these items.

The reality is that neither the industry nor our customers can support the burden of TWO separate mandates regulating how we transport our groceries from store to car to home. For business, there is the administrative expense of TWO mandates, TWO different implementation rules, and TWO sets of accounting and reporting procedures. With both regulations, consumers who opt for plastic bags will be charged a fee for each bag used; their receipts will indicate the state fee, for which they will pay, and the county fee, for which the retailer will pay. The reality of economic principles is that increased costs on business operations must be passed on to the consumer.

Hawaii's retailers unquestionably support initiatives to preserve and protect our environment. The solution to the plastic bag issue is the wise management of this resource, i.e., the "reduce, reuse and recycle" principle. We absolutely support the broadest use of reusable tote bags as the ultimate solution. However, we do know that consumers' acceptance and use of these bags will not be universal or practical at all times.

Considering the cost impact both on business and consumers, the implementation concerns, and the uncertainty with the legislative action, we respectfully request the Committee's deferring action on this issue for further discussion with stakeholders. Thank you for your consideration.

Carol Pregill, President

RETAIL MERCHANTS OF HAWAII  
1240 Ala Moana Boulevard, Suite 215  
Honolulu, HI 96814  
ph: 808-592-4200 / fax: 808-592-4202

MISC. COM.      667

PWS